

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA	)	
	)	No.
v.	)	
	)	Violations: Title 18, United States
MICHAEL TRISTANO	)	Code, Sections 2, 1341, 1346, 666 and 1951

**COUNT ONE**

The SPECIAL MARCH 2004 GRAND JURY charges:

1. At times material to this indictment:

a. The government of the State of Illinois (“the State”) included a bicameral General Assembly, comprised of a House of Representatives and a Senate. Individuals elected to the House of Representatives (“State Representatives”) represented apportioned districts of the State. State Representatives were affiliated with either of two political parties, Democratic and Republican, and the House of Representatives was divided into Majority and Minority caucuses. If a majority of State Representatives were affiliated with one political party, those State Representatives constituted the Majority Caucus. The remainder of State Representatives comprised the Minority Caucus.

b. The State compensated its employees by paying annual salaries and awarding compensation in the form of paid time, such as vacation, sick and compensatory leave.

c. The Minority Caucus selected a presiding official to be Minority Leader. From 1997 to 2002, the Republican State Representatives were in the minority. The Minority Leader's office was designated the Office of the House Republican Leader ("the Minority Leader's Office"). Lee A. Daniels, an elected State Representative, was the House Republican Leader. As Minority Leader, Daniels presided over the Minority Caucus and coordinated legislative matters for the caucus.

d. The State of Illinois maintained a General Fund to provide funding for the Minority Leader's Office. The budget for the Minority Leader's Office provided public money to employ Staff, maintain physical premises and purchase equipment, among other items. The annual budget for the Minority Leader's Office was approximately \$5 million.

e. The Minority Leader's Office maintained office space in Chicago, Illinois, at the Thompson Center; in Springfield, Illinois, at the Stratton Building and State Capitol; and when Lee A. Daniels was Minority Leader, in Elmhurst, Illinois (the "District Office").

f. The Minority Leader's Office was divided into sections, including "Policy," "Research & Appropriations," "Press," and "Chicago." The Minority Leader's Office employed approximately 100 full-time employees, each of whom was paid an annual salary by the State.

g. The State provided public funds to reimburse State employees for travel expenses incurred while conducting State business. State employees requesting State travel funds submitted a Travel Voucher in which the employee certified that itemized expenses

“were occasioned by official business.” Individual Travel Vouchers were certified by Division Heads, Superintendents or Chiefs, and by Agency Heads. Said supervisors certified “that the travel shown above was required by the official duties of the traveler named to my personal knowledge, or as indicated by records submitted to me.” The State Comptroller’s Office processed State Travel Vouchers and issued payment in the form of a check, or “warrant.” The Comptroller remitted the warrants via United States Mail.

**The House Republican Campaign Committee.**

h. The House Republican Campaign Committee (“HRCC”) was a campaign committee formed in 1975 and organized under the laws of the Illinois State Board of Elections. From 1975 through times material to this indictment, Lee A. Daniels was the Chairman of the HRCC. The purpose of the HRCC, which was not a public entity, was to provide financial support to House Republican candidates. HRCC maintained offices in Elmhurst, Illinois and Springfield, Illinois, in facilities separate and distinct from the Minority Leader’s State Office.

i. In 2000, HRCC reported over \$3.5 million in campaign receipts and \$3.8 million in campaign expenditures.

**Campaign Filings - Form D-2.**

j. Pursuant to Illinois law, The State Board of Elections for Illinois required candidates for elective office in Illinois and their political committees to file a Report of Campaign Contributions and Expenditures ("Form D-2") every six months, as well as an additional report no later than fifteen days before an election covering the period

ending thirty days before the election. The State Board of Elections required the D-2's to include various information concerning the candidate's or committee's campaign finances during the reporting period, including the amounts and dates of all contributions, both monetary and "in-kind," in excess of \$150 and the names and addresses of their contributors; the dates and amounts of all transfers between political committees in excess of \$150; and every expenditure in excess of \$150 made by or on behalf of the candidate or political committee, including the name, address, and amount of payment for every person to whom such an expenditure is made.

k. Defendant MICHAEL TRISTANO was Chief of Staff to Lee A. Daniels. As Chief of Staff, TRISTANO presided over the Minority Leader's Office, determined Office policies and procedures, directed employee assignments, awarded benefits, and was authorized to hire and fire employees of the Minority Leader's Office.

l. Defendant MICHAEL TRISTANO also served as Executive Director of HRCC, with separate and distinct responsibilities from his duties as Chief of Staff. As Executive Director, TRISTANO determined budgets for political campaigns in support of House Republican candidates, and controlled expenditures made by HRCC.

**Laws and Duties Applicable to Defendant.**

2. Defendant MICHAEL TRISTANO and all employees of the Minority Leader's Office were bound by the following laws, duties, policies and procedures:

a. TRISTANO and all employees of the Minority Leader's Office owed a duty of honest services to the people of the State of Illinois and to the State of Illinois in the performance of their public duties.

b. Pursuant to Article VIII, Section 1(a) of the Constitution of the State of Illinois, public funds, property and credit were to be used only for public purposes.

c. Pursuant to laws of the State of Illinois (10 ILCS § 5/9-25.1), no public funds could be used to urge an elector to vote for or against any candidate or proposition, or be appropriated for political or campaign purposes to any candidate or political organization.

d. As stated in a 1997 HRCC and Illinois House Republican Policy Manual, staff members of the Minority Leader's Office, as full-time State employees, were required to perform 35 hours of work a week for the State of Illinois. These 35 hours could not be campaign-related.

e. Pursuant to the 1999 Handbook on Personnel Rules and Regulations of the Office of the House Republican Leader, employees were required to request accrued benefit time, in the form of vacation and compensatory time two weeks in advance of use. Compensatory time ("comp time" or "comp days") was granted to compensate employees for extra time worked beyond the normal work schedule.

3. Beginning in or about 1997, and continuing thereafter to in or about December 2001, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL TRISTANO,

defendant herein, together with others known and unknown, knowingly devised and participated in a scheme to defraud the State of Illinois and its citizens of money, property and the intangible right to the honest services of defendant and other employees of the Minority Leader's Office, and to obtain money and property by materially false and fraudulent pretenses and representations and material omissions which scheme is further described below.

**The Scheme.**

4. It was part of the scheme that defendant MICHAEL TRISTANO and others converted and misapplied public State funds for non-public purposes, including the support of political campaigns of House Republican candidates, and others, throughout Illinois.

5. It was further part of the scheme that defendant MICHAEL TRISTANO identified certain candidates for elective office to receive support from the Minority Leader's Office ("Targeted Races"). Targeted Races included House Republican primary campaigns in 1998 and 2000, House Republican general election campaigns in 1998 and 2000, and local or municipal campaigns in 1999 and 2001.

6. It was further part of the scheme that defendant MICHAEL TRISTANO assigned employees of the Minority Leader's Office, paid in whole or in part by the State,

to work full-time on the political campaigns of Targeted Races during primary and general elections.

7. It was further part of the scheme that defendant MICHAEL TRISTANO directed employees of the Minority Leader's Office to perform private political activities including: preparation of campaign plans and weekly campaign reports; management of campaigns; solicitation of voters in person and over the telephone; design of campaign literature; and analysis of telephone polling, among other political activities, while subsidizing said activity through the use of public funds.

8. It was further part of the scheme that defendant MICHAEL TRISTANO fraudulently converted the State's non-salary compensation (vacation, sick and comp time), by requiring the State employees to use non-salary compensation to perform campaign work.

9. It was further part of the scheme that defendant MICHAEL TRISTANO concealed campaign work by, in part, awarding fictitious comp time to employees of the Minority Leader's Office. TRISTANO directed the expenditure of fictitious comp time on Targeted Races, knowing full well that the comp time had not been granted based on overtime work performed by employees of the Minority Leader's Office.

10. It was further part of the scheme that defendant MICHAEL TRISTANO concealed campaign work performed by State employees on Targeted Races by causing HRCC to partially pay the salaries of State employees working full-time on political

campaigns, to create the appearance that the State employees were performing only part-time campaign work.

11. It was further part of the scheme that defendant MICHAEL TRISTANO obtained and authorized the use of State funds by means of false and fraudulent statements on Travel Vouchers for the purpose of subsidizing travel by and housing of campaign workers. The false and fraudulent statements included points of departure and arrival that falsely represented that the Minority Leader's Office employee traveled to incumbent Republican State Representative offices for legitimate governmental business, when in truth and in fact, the employee traveled to political campaign offices, including the offices of Republican challengers for whom no State-related work was performed.

12. It was further part of the scheme that, in or about 2000, defendant MICHAEL TRISTANO caused the State to award public funds to the Village of Willow Springs, Illinois, which public funds benefitted the interests of a private real estate partnership, in exchange for the real estate partnership's financial support of a House Republican candidate, Candidate A, in a Targeted Race.

13. It was further part of the scheme that defendant MICHAEL TRISTANO concealed the scheme to defraud the citizens of money, property, and their right to the honest services of its employees, by in part causing the creation of false D-2s that failed to disclose the expenditure of State salaries and travel funds on Targeted Races, as directed by TRISTANO.



\_\_\_\_\_14. It was further part of the scheme that defendant MICHAEL TRISTANO and others did misrepresent, conceal, hide and cause to be misrepresented, concealed and hidden, the purposes of and acts done in furtherance of the scheme.

15. On or about June 8, 2000, in the Northern District of Illinois, Eastern Division, MICHAEL TRISTANO, defendant herein, for the purpose of executing the above-described scheme and attempting to do so, did knowingly cause to be delivered by the United States Mail, according to the direction thereon, an envelope containing a State of Illinois warrant addressed to a State employee of the Minority Leader's Office, at a Chicago, Illinois address, which warrant constituted payment on a State Travel Voucher;

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

## **COUNT TWO**

The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 14 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about July 11, 2000, in the Northern District of Illinois, Eastern Division,

MICHAEL TRISTANO,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, did knowingly cause to be delivered by the United States Mail, according to the direction thereon, an envelope containing a State of Illinois warrant addressed to a State employee of the Minority Leader's Office, at a Chicago, Illinois address, which warrant constituted payment on a State Travel Voucher;

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

### **COUNT THREE**

The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 14 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about September 25, 2000, in the Northern District of Illinois, Eastern Division,

MICHAEL TRISTANO,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, did knowingly cause to be delivered by the United States Mail, according to the direction thereon, an envelope containing a State of Illinois warrant addressed to a State employee of the Minority Leader's Office, at a Chicago, Illinois address, which warrant constituted payment on a State Travel Voucher;

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

#### **COUNT FOUR**

The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 14 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about October 4, 2000, in the Northern District of Illinois, Eastern Division,

MICHAEL TRISTANO,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, did knowingly cause to be delivered by the United States Mail, according to the direction thereon, an envelope containing a State of Illinois warrant addressed to a State employee of the Minority Leader's Office, at a Chicago, Illinois address, which warrant constituted payment on a State Travel Voucher;

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

**COUNT FIVE**

The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 14 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about August 28, 2000, in the Northern District of Illinois, Eastern Division,

MICHAEL TRISTANO,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, did knowingly cause to be delivered by the United States Mail, according to the direction thereon, an envelope containing a State of Illinois warrant addressed to a State employee of the Minority Leader's Office, at a Westmont, Illinois address, which warrant constituted payment on a State Travel Voucher;

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

## **COUNT SIX**

The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 14 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about August 31, 2000, in the Northern District of Illinois, Eastern Division,

MICHAEL TRISTANO,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, did knowingly cause to be delivered by the United States Mail, according to the direction thereon, an envelope containing a State of Illinois warrant addressed to a State employee of the Minority Leader's Office, at a Chicago, Illinois address, which warrant constituted a State salary payment;

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

**COUNT SEVEN**

The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 14 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. On or about October 20, 2000, at Bridgeview, in the Northern District of Illinois, Eastern Division,

MICHAEL TRISTANO,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, did knowingly cause to be deposited a check constituting payment to Candidate A, to be sent and delivered by Federal Express, a commercial interstate carrier;

In violation of Title 18, United States Code, Sections 1341, 1346 and 2.

## **COUNT EIGHT**

The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 2 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. From in or about June 2000 until on or about December 31, 2000, in the Northern District of Illinois, Eastern Division,

MICHAEL TRISTANO,

defendant herein, being an agent of the State of Illinois, did embezzle, steal, and obtain by fraud, and otherwise without authority, knowingly convert to the use of any person other than the rightful owner, and intentionally misapply, property that was valued at \$5,000 or more; namely, employee salaries, travel reimbursements and office equipment that was owned by and was under the care, custody, and control of the State of Illinois, a government that received in excess of \$10,000 in federal funding in a twelve-month period from January 2000 to December 31, 2000;

In violation of Title 18, United States Code, Sections 666(a)(1)(A) and 2.\_\_\_\_



## **COUNT NINE**

The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The allegations in paragraph 1 of Count One of this indictment are hereby realleged and incorporated herein as if fully set forth herein.

2. At times material to this Count of this Indictment:

a. The Village of Willow Springs was a local governmental body located in the Northern District of Illinois, and represented in the General Assembly by a Republican State Representative.

b. Candidate A was a private citizen campaigning in a Targeted Race as a Republican for a seat in the General Assembly to represent a downstate Illinois district in the House of Representatives.

c. The Real Estate Partnership was a limited liability partnership involved in a multi-phase development project in the Village, that included the construction of business, residential and government buildings.

d. Roger Stanley was a member of the Real Estate Partnership and also a friend and business associate of defendant MICHAEL TRISTANO.

3. Beginning no later than approximately 2000 and continuing through at least December 2000, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHAEL TRISTANO,

defendant herein, did knowingly conspire with Roger Stanley, and with other persons known and unknown to the grand jury, to commit extortion affecting commerce, namely, to obtain money from the Real Estate Partnership, with the partnership's consent, having induced said consent under color of official right.

4. It was part of the conspiracy that defendant MICHAEL TRISTANO agreed with Stanley to induce the Real Estate Partnership to pay Candidate A, in order to provide necessary financial support while Candidate A was running for elective office, in exchange for TRISTANO's efforts to obtain State funding for the Village and the Real Estate Partnership's development projects.

5. It was further part of the conspiracy that defendant MICHAEL TRISTANO acted to obtain State grant funds for the benefit of the Village's redevelopment projects.

6. It was further part of the conspiracy that the State awarded the Village approximately \$1.3 million in State funds in or about 2000.

7. It was further part of the conspiracy that Candidate A was given a job with the Real Estate Partnership, but did little or no work for the Real Estate Partnership. Instead, Candidate A campaigned for elective office.

8. It was further part of the conspiracy that the Real Estate Partnership issued checks to Candidate A.

9. It was further part of the conspiracy that defendant TRISTANO otherwise misrepresented, concealed and hid, and caused to be misrepresented, concealed and hidden, the purposes of and acts done in furtherance of the conspiracy;

All in violation of Title 18, United States Code, Section 1951 and 2.

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A TRUE BILL:

\_\_\_\_\_  
FOREPERSON

\_\_\_\_\_  
UNITED STATES ATTORNEY